



UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## **UAC INSURANCE MUTUAL MINUTES, MEMBERSHIP MEETING**

**November 10, 1993, 3:00 p.m.**

**St. George Holiday Inn**

### **Board of Directors Present:**

Gerald Hess, Davis County Deputy Attorney  
Max Adams, Uintah County Commissioner  
Ken Brown, Rich County Commissioner  
Sid Groll, Cache County Sheriff  
Ty Lewis, San Juan County Commissioner  
Gary Sullivan, Beaver County Commissioner  
Dixie Thompson, Emery County Commissioner

### **Board of Directors Absent:**

Gary Herbert, Utah County Commissioner  
Dennis Ewing, Tooele County Clerk

### **Membership Present:**

Lee Allen, Box Elder County Commissioner  
Seth Allen, Cache County Executive  
Merlin Ashman, Sevier County Commissioner  
Joe Bernini, Juab County Commissioner  
Leeon Brinkerhoff, Wayne County Sheriff  
Glen Caldwell, Tooele County Auditor  
Herb Crittenden, Morgan County Commissioner  
Curtis Dastrup, Duchesne County Commissioner  
Tony Deardon, Millard County Commissioner  
Blair Francis, Rich County Commissioner  
Robert L. Gardner, Iron County Commissioner  
Tom Hatch, Garfield County Commissioner  
Allan Jensen, Box Elder County Commissioner  
Louise Liston, Garfield County Commissioner  
Ike Lunt, Juab County Commissioner  
Lois McArthur, Tooele County Deputy Clerk  
Glen McKee, Uintah County Commissioner  
Lana Moon, Millard County Commissioner  
Meeks Morrell, Wayne County Commissioner  
Kent Peterson, Emery County Commissioner  
Sandra Rees, Wayne County Clerk-Auditor  
Rick Reynolds, Duchesne County Commissioner  
Carlla Secrist, Box Elder County Auditor  
Gayle Stevenson, Davis County Commissioner  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk

### **Others Present:**

Brent Gardner, UACIM Administrator  
Sonya White, UACIM Administrative Assistant  
David Nelson, UACIM Loss Prevention Manager  
Harry Bowes, UACIM Consultant  
Fred Medenwaldt, AIMS Vice President  
Al Stein, AIMS Vice President  
Jess Hurtado, AIMS Vice President/UACIM Broker  
Keri Chappell, AIMS Technical Assistant  
Doug Alexander, AIMS Branch Manager  
Dean Bachman, AIMS Service Representative

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Gerald Hess welcomed all the county members to the UACIM Membership Meeting and introduced himself as the Davis County Deputy Attorney and the Vice President of the Board of Directors. Gerald excused Gary Herbert, President and Chairman of the Board of Directors and Utah County Commissioner. In Gary's absence, Gerald will conduct this meeting. The Membership Meeting was called to order at 3:10 p.m.

Today's agenda has been reviewed and approved by the Board of Directors.

#### **Review and Approval of November 1993 Minutes**

The minutes from the previous Membership Meeting in November 1993, were reviewed. Ken Brown made a motion to approve the minutes. Tony Deardon seconded the motion and the motion carried.

Gerald explained that the Bylaws that bind the membership together, indicate that the membership should meet at least annually. Conceptually this meeting can be viewed as a shareholder meeting of the membership's corporation. The shareholders, made up of County Commissioners and other elected officials, will, in the course of this meeting, conduct an election of Board Members whose terms will expire the first of the year. As shareholders of "your" corporation, it is imperative that "you" understand the business of "your" corporation. Gerald assured the membership that the Board of Directors meet regularly at length. The Board of Directors must know if the membership is not satisfied with the operation of "your" company. In conducting this Membership Meeting, the Board of Directors have invited several consultants to help the membership understand the business of "your" company. Gerald introduced Harry Bowes, UACIM Consultant, to give a summary of the past year.

#### **Summary of the Year, Independent Analysis**

In preparation for this meeting Harry Bowes reviewed his total file of the UACIM. The work to begin this Mutual started in 1987 and took two and a half years of planning and implementation. The concepts and goals of UAC to practice risk management elements were discussed at the April Conference in 1987. The counties agreed to do risk identification involving knowing what their losses were and their exposure. When the counties started looking into their records and data there was not much to be found as far as losses. Then it was agreed that the Mutual would do risk assumption, meaning rather than paying out first-dollar premiums and having profits, commission and overhead taken out of those premiums the Mutual wanted to some of its own risk. The Mutual made the decision that it would assume \$850,000 self-insured, self-risk. It was then agreed that the Mutual would do some risk transfer and to accomplish that, excess specific stop-loss insurance was purchased which would stop the loss from any one incident on property at \$150,000 and would stop the loss of any one liability incident at \$250,000. Then to further protect the Mutual above your attachment point of \$850,000, the Mutual purchased another \$1,000,000 of excess aggregate insurance. The counties wanted a strong component of the Mutual to be loss prevention and loss control. David Nelson visits your counties and makes recommendation to correct exposures. Another element of this concept was risk termination which is to just flatly terminate the risk. Some risk can be terminated through statutes, some through intergovernmental agreements.

Harry Bowes continued by verifying that the UACIM Board of Directors set policies and has an annual action and time line plan which is broken down into monthly goals, objectives and activities. One of the major accomplishments this year is coverage. The Mutual is offering inverse condemnation/regulatory taking coverage, a coverage that is not available in the standard market place. The Mutual obtained owner auto-physical damage coverage, crime coverage protection, earthquake and flood that were not available in the standard market place. Special coverage has been made available on individual purchase basis such as rodeo riding events, boiler and machinery and special events coverage. It is believed that the added resources invested in a dedicated claims unit have been cost effective and have reduced the Mutual's paid losses. Doug Alexander has worked in close coordination with county officials and staff which has not only controlled paid claims but contributed to a better understanding of loss control. The data which each member county receives, enables your county and the Mutual to target high loss and high frequency areas. Both the claims administration and loss prevention efforts have been enhanced by the support of the Litigation Management Committee which is composed of some of your top county attorneys. Brent Gardner, the administrator of the Mutual, supervises the management team and assures a positive information flow and continued focus on the county and the county officials needs and concerns.



Aon Insurance Management Services (AIMS), represented by Jess Hurtado, invested approximately \$150,000 in out-of-pocket costs during the final months before formation of the Mutual. This is a real testament of AIMS faith in the ultimate success of the concept. AIMS secured the Mutual's casualty coverage through National Union which is an A++15 Best rated company, the top rating. Your property coverage is through St. Paul which is an A+14 Best rated company. In addition they have maintained a fixed attachment point of \$850,000 for the excess aggregate coverage and this is the third year in a row that they have maintained fixed costs for the Mutual's brokerage fees, financial accounting and the third-party administrative claims management fees. The UACIM, during the first two years of operation, has the best track record of any Rocky Mountain County Associations in P&C. Harry Bowes advised that as the Mutual is maturing, guard against the mistakes that maturing pools make such as under funding, and closely monitor your claims and your loss trends by category and keep current on the new technologies and loss control techniques. The member counties have a very strong developing asset through this Mutual.

Gerald Hess expressed what an interesting experience it is to meet with the Board of Directors and talk about the problems that we, the counties, are mutually facing. Harry Bowes has given a capsule of some of the issues the Board has addressed and Gerald Hess, on behalf of the Board, personally invited any one from the counties to attend the Board meetings, which are held every other month. The counties are invited to give the Board input on issues that are a concern within the counties. Once again, Gerald Hess introduced Harry Bowes and Jess Hurtado who will address a case study for analyzing insurance proposals. The Board thought this would be a helpful area to the membership to understand the concepts of the Mutual as each county addresses and faces the challenges presented by other providers on an annual basis for insurance proposals for your counties.

#### **Case Study for Analyzing Insurance Proposals**

Harry Bowes explained that the easiest way for the membership to understand the challenges that Gerald Hess spoke of would be to put one of those insurance proposals up on the board and show the membership the differences but Harry Bowes would rather take a positive approach with just some general statements. Harry Bowes stated that to his knowledge, he does not know of one county in Colorado, New Mexico or Utah that went back to the standard insurance industry after joined their Associations Insurance Mutual. Harry Bowes has found that there are four areas for you as members of the Mutual that are important to think about whenever your county is looking at other options. These areas are, 1) concept of the Mutual, 2) comparing coverage, 3) services and 4) costs. It is healthy for the Mutual to analyze and answer questions raised when a county is given a proposal. Unfortunately when it comes to the standard industry there are a lot of misinformation and misunderstanding of the concept of the Mutual. When it comes to cost this can be very tough because you can get an insurance policy that reduces the cost of your insurance annually by 50% but it could end up costing you more in the end. Conceptionally this is something that the standard industry cannot even compare. With the Mutual you have improved coverages, high self-insured retention and the market strength of a large group affords leverage and buying power in securing needed coverages. Because the Mutual handles all the expected loss through its self-insurance the excess insurance products tend to be loss free and therefore result in greater stability and availability during the cycles and the downturns of the market. Loss and claims control, dedicated and experienced claims adjusters with specialized knowledge prove more efficient for claims administration cost reduction along with safety and loss prevention to manage trending losses. The member counties have a mature data base for risks. In the last two years you have seen more data than your counties would have seen in a hundred years with the standard industry in trending, frequency and severity. The cost savings to the member counties are approximately 20% over the standard industry costs due to commissions, advertising, overhead and profits eliminated because the first \$850,000 the counties are putting up is for pure loss fund. The counties have accountability and control because the members set the rules, tailor to coverage and the administration to the need. The members have a manuscript policy that you write yourself, you control your own enterprise. The Mutual has additional outside services, as needed. The membership can contract for legal services, actuarial, financial, loss prevention and claims in a specialized nature, you have those choices. The membership is building surplus, the excess funds are retained for the benefit of the members, you are gaining investment income.





Jess Hurtado wanted the members to keep in mind that most of the counties have not established a criteria of what type of coverages they want, what they expect to get and how they expect it to be presented to them when they receive a request to bid from a third party. Therefore, an agent or broker gives the county a quotation emphasizing more on the dollars and the dollars only. One of the things I think is important for the counties to consider if they are going to accept a bid is to establish a criteria for what they want to accomplish and how they want to accomplish it. When the Mutual was established, AIMS did a review of each county's insurance program to include an analysis of your insurance policies. In doing so, Jess Hurtado feels that this was one of the factors that convinced many of the members to join the Mutual, you were buying better coverage than what you currently had on a broader form than what was available in the market place. Third-party quotations emphasize the dollars but do not provide a detailed review or analysis of what they are providing with what you currently have. There can be a big difference in policy terminology for personal injury, contractual liability, professional liability, and your public officials liability. Beyond the norm of the standard industry in claims management you would rarely have the opportunity to negotiate and be part of the claims handling program as offered to you with the Mutual. You have input and direction on loss control with the tremendous amount of data you receive. Finally, the importance of your management control which you have input on how this organization operates and which direction you take it. AIMS is not remised to doing reviews of quotations in writing and presented to your county for review and understanding based on what information is given to you by the third-party

Gerald Hess ended by addressing the purpose of presenting this information to the membership is not to sway anyone from entertaining proposals but to help you understand the concept of the Mutual for comparison. The Mutual has invited Al Stein, who the Mutual has a contract with to provide financial information to the Board on a regular basis who will make a presentation explaining the financial condition of the Mutual.

### **Financial Reports**

Al Stein began by explaining that the Mutual has very strong and solid financial statements which he wants the membership to understand these financials in an overall sense. The Mutual Insurance Company is under the dominion of the Utah Insurance Department and the Utah Insurance Department takes a very active interest in regulating this kind of company, looking at the surplus of the Mutual and making sure the surplus is sufficient to operate the company. The result of this is that the Mutual is a solid company financially from a surplus stand point. The surplus requirements that the Utah Insurance Department imposes on this Mutual are far and above any other Mutual that AIMS is involved.

A binder was given to those in attendance and Al Stein began with section two, the balance sheet. The total assets of the Mutual are approximately \$2,842,000, the vast majority is a cash account and money market account in the Utah State Treasurers Fund totaling \$2,635,000. That fund is currently earning 3.85% for the Mutual. The remaining assets are prepaid expenses and deferred costs of the Mutual. The member counties are paying the annual contributions at the first of the year and the Mutual generally pays its expenses the same way, up front at the beginning of the year for services that will be provided during the year so you're going to see some of these costs are deferred, the Mutual has made payments for services that have not been provided yet. We met with the Insurance Department this summer, Brent Gardner, Gerald Hess, Jess Hurtado, Harry Bowes and myself and one of the Department concerns was that they didn't want to see prepaid expenses and deferred costs, so on the financials next year you're going to see that these amounts are lower because the Mutual will make payments throughout the year to the service providers. The major liabilities of the Mutual, as of September 30, are \$989,000 in loss reserves which are those amounts for existing losses whether known or unknown. \$462,916 is the known open case reserves and those are the reserves that Doug Alexander establishes at your dedicated claims unit. The remaining amount of \$526,853 is IBNR, Incurred But Not Reported, reserves also known as bulk reserves or additional development. These amounts are established by your actuary, Coopers and Lybrand, and are an estimate of additional amounts that will be paid either on claims that are not known yet to the Mutual or claims that will develop past the amount that we have reserved. The Mutual has \$59,000 of interest payable on the \$620,000 of surplus loans from member counties who contributed the initial surplus to the Mutual. That \$59,000 will be paid only upon the approval of the Insurance Commission after the surplus of the Mutual reaches \$2,400,000. We have trade accounts payable of \$62,000, accrued cancellation expenses of \$25,000 and unearned premiums of \$458,000. The unearned





premium is simply one-fourth of the premiums that the members have paid in for the 1993 year because there is one-fourth of the year left as of September 30. The total liabilities of the Mutual are just under \$1,600,000 as of September 30. Our surplus funds are \$1,246,000 so that the total liabilities and surplus is \$2,800,000. The contributed surplus is approximately 20% of each member county's total contribution that goes right to surplus. \$204,000 is the deficit in unassigned surplus.

Next, Al Stein reviewed the Mutual's Income Statement, concentrating on the year-to-date numbers. AIMS is required by law is to split all of the income and expenses by policy year. Since the Mutual is in the 1993 calendar year, everything that happens this year has to be decided if it is for insurance coverage for 1993 or insurance coverage from the prior year 1992. The membership will see that most of the activity is for the current policy year because the Mutual has only been in effect since 1992. The Mutual has premiums received at \$1,808,000, \$458,000 of that is unearned. So the Mutual's earned premium or earned revenue from premiums is \$1,349,000 through September. The Mutual has earned investment income of \$51,000 on current year cash 1993 contributions. Also earned is \$24,436 for cash that is left over from 1992 contributions making the total investment income to the Mutual for 1993 at \$76,000 to date and the total revenue to the Mutual is \$1,425,000. Al Stein reviewed the next section, losses. The Mutual paid out \$265,327 in claims payments during 1993. \$162,233 for losses that occurred in 1993, \$103,094 from losses that occurred in 1992 and the claim files are still open. Our loss reserves for 1993 policies are \$304,000 which went down by \$78,000 for 1992 policies, principally because the Mutual is making payments against those open claims and bringing the reserves down. Our IBNR estimate is \$188,000 for the 1993 policy year which went down by \$24,000 from the 1992 policy year. Claims management expenses, the cost of the dedicated claims unit, for 1993 is and has been \$150,000 and the excess insurance coverage cost is \$262,000 for the year to date so the total loss expenses are \$1,068,000 to date. The next section is other expenses, administrative and operating expenses, brokerage commissions, brokerage and consulting expenses at \$112,000. Start-up costs are principally legal costs that occurred when the Mutual was formed. Professional fees, \$66,000, include independent consulting fees, your actuarial review, accounting fees and ongoing legal fees. Interest expense is a 1993 provision for the additional interest on the surplus loans and the miscellaneous expenses are principally meeting expenses and sentry amounts. On a year to date basis through September, the Mutual has \$21,534 net loss that is very close to breaking even which is what we want to see. The contributed surplus for the year for 1993 is \$428,930 which on a total basis for the first nine months of 1993 the Mutual has added to the surplus of the Mutual \$407,396.

Al Stein reviewed the first bar graph in the binder for 1992 through 1996 which shows that the total contributions that the members are making to the Mutual and what those contributions are used for, the majority including paid losses, reserved losses and excess insurance cost. The 1994-1996 projection used a 5% annual probe which shows a healthy amount of surplus year by year making the Mutual stronger every year. The next page shows how the Mutual is increasing the surplus. In 1992 the Mutual was just under \$1,000,000, 1993 approximately \$1,500,000 and AIMS is projecting \$2,000,000 at the end of 1994, \$3,000,000 at the end of 1995 and close to \$4,000,000 at the end of 1996. This is the objective of the Mutual to improve the financial condition and to increase the surplus so that the Mutual can stand on its own without the requirements of the Utah Insurance Department. What AIMS wanted to address here is that we have fully funded to the maximum losses that the Mutual can pay so the total loss fund can only go down and the Mutual's income can only go up based on the reserves we've provided.

Gerald Hess added that Al Stein's report and the information handed out is rather exciting in that you see there is equity in *our* company. In order for the Mutual to begin business the Mutual had to get permission from the Insurance Commission who had a struggle trying to figure out exactly what the Mutual was so we will now like to call on Brent Gardner to give a report as to what interaction he has had over the last period of time with the Insurance Commission.

Brent Gardner reported that the Mutual initially went through a very rigorous process to obtain approval from the Insurance Department who imposed some very strict and stringent requirements upon the operation of the Insurance Mutual before they would grant approval for the Mutual to form. The Mutual has met those requirements as an Insurance Mutual Company. When Governor Leavitt was put into office he appointed a new Insurance Commissioner, Robert Wilcox, who took over from Harold Yancey. The Insurance Mutual Board of Directors felt it would be important to meet with the new Commissioner to bring him up to date on the Mutual since the Mutual is such a unique entity and since the conditions upon



which the Mutual is operating were put in place by the old administration. In July, Al Stein, Jess Hurtado, Gerald Hess and myself sat down with Commissioner Wilcox, Doug Green, financial analysis for the Insurance Department, and Billy Lovelady as well. Initially the Insurance Department had given the Mutual a start-up order to meet the surplus requirements, which has been met. The next order was to have \$1,200,000 by July of this year which the Mutual was slightly under so we presented to the Insurance Commissioner the projections which Al Stein has also given you today. The Insurance Commission confessed that they did not have the Mutual's file in order and wanted us to segregate the contribution from premium to surplus into a segregated account that the Insurance Commission had access to, which we have now done. They did not have all of the documentation they needed to show that the Mutual is providing certain lines of coverage that the Mutual initially had filed with them. Brent Gardner felt that the Commissioner was pretty astute to the information that was submitted to him, he understands the numbers very well, he understands the concept much more so than the old administration did and Brent Gardner sees no problem with the Insurance Department at this time. Brent Gardner also reported that they alerted the Commission that the Mutual may be looking at Workers Compensation.

Brent Gardner added that the only other item he wanted to pass on to the membership is that under the old insurance administration, Commissioner Harold Yancey kept impressing on us that the Mutual is a unique entity that is not normally regulated because it doesn't fit into the Department's processes and procedures. Brent Gardner suggested that legislation should be drafted to take the Mutual out of the Insurance Department regulation. Senator Blackham, who was a part of the formation of the Mutual has agreed to sponsor this legislation. The Insurance Department saw no problems with this draft. Compared to other states, no other Insurance Department regulates a self-insurance mutual the way Utah regulates them and that is to require them to meet the requirements of a private-for-profit business.

Gerald Hess added that if the legislation does not prove fruitful the Mutual is not hurt by being regulated by the Insurance Department, in fact, this is a public entity and the Mutual is very much in the public eye and subject to public scrutiny. Gerald Hess asked if there were any questions, there were none. Gerald Hess again introduced Jess Hurtado to give the membership AIMS 1994 broker report.

#### **Broker Report, 1994 Renewal**

Jess Hurtado reported to the general membership regarding the excess insurance policies for the upcoming year. Although the Mutual has 50 days to renewal, the excess property policy with St. Paul and the excess liability policy with National Union will renew at expiring rates with the only adjustments made in relation to increases or decreases in property value and any increases or decreases in expenditures as far as the rates are applied to those amounts. Other than that, there will be no changes in the terms, conditions, limitations and exclusions in the policies nor in the base premium rates for those policies for the upcoming year. The general membership must approve the policy form for the upcoming year as per the bylaws. Ty Lewis made a motion that the general membership accepts the program presented to them being that the Mutual has an excess insurance policy which the Mutual is responsible for those claims underneath that excess insurance policy. Max Adams seconded the motion, there was no discussion and the motion carried.

#### **Review of 1994 Rates**

Tom Hatch explained that the UACIM put together a Rating Committee with himself as the chairman, along with Gary Herbert, Mark Justice, Gerald Purdy, Lee Allan and Pete Coleman also serving on this Committee. The task of the Rating Committee was to review the loss history of the Mutual and determine a contribution rating formula that would be equitable to all of the member counties. The Committee had somewhat of a difficult task because the Mutual does not have a lot of history yet. The Committee reviewed miles of roads in various counties, the number of law enforcement officers, total number of employees, total number of vehicles, etc., to try to establish a correlation with this information and the loss history the Mutual has to date. There wasn't a lot of correlation due to the small amount of loss history with the Mutual only in its second year, therefore, the recommendation of the Rating Committee to the Board of Directors is that the Mutual implement a 5% increase in premium contribution for 1994, basically to increase the surplus. The Rating Committee will continue to review the loss history as more data becomes available so the Committee will be able to better determine what drives the premiums



Gerald Hess stated that the Board of Directors reviewed this recommendation in a prior meeting and approved the 5% increase which this information has been sent to each member county for their 1994 budget. There is an incentive to the counties that as your losses come down and you can handle risk then likewise the premiums should stabilize and come down.

Gerald Hess invited Al Stein to the podium to review the 1994 Budget for the Mutual. The bylaws require that the Board of Directors adopt the budget, which we did so before this meeting, and present the 1994 Budget to the membership.

Al Stein reviewed section three on the page two in the binder which shows all policies and activity for the calendar year 1994 that includes all policy years and all claim years. There are not any big differences in the 1994 budget from the 1993 actual but Al Stein highlighted the following differences: 1) The premiums written to include the 5% overall contribution increase. The premiums for 1993 were \$1,820,000 and have been increased by 3%, \$53,000. The other 2% increase is in the surplus contributions for an increase of \$56,000 from 1993 surplus contribution of \$428,000 to 1994 surplus contribution of \$482,000. 2) Investment income is going to increase because as the Mutual matures and builds from year to year the Mutual will build up cash and investments so you will see more investment income. The net income that the Mutual has budgeted is \$94,000 for the year and the Mutual's total increase in surplus budget for 1994 is \$576,000 for the year. Al Stein pointed out that there are explanations in the binders that explain the individual items, how they were estimated and who the payments go to.

Gerald Hess, called for the election of those Board of Directors whose term will expire at the end of 1993. Those officials are: Ken Brown, Sid Groll, Gerald Hess and Dixie Thompson of whom all have been nominated for another term. The following counties are represented: Beaver, Box Elder, Cache, Davis, Duchesne, Emery, Garfield, Iron, Millard, Rich, San Juan, Sevier, Tooele, Uintah, Utah, Wasatch and Wayne. Gerald Hess called for nominations from the floor in which there were none. With no other nominees, the Board entertained a motion from the floor to elect the four officials who are nominated. Max Adams so moved, Gayle Stevenson seconded the motion and the motion carried.

#### **Workers Compensation Coverage for UACIM**

Gerald Hess excused the chairman of the Workers Comp Committee, Dennis Ewing, who was scheduled to report on the feasibility of Workers Comp coverage for the Mutual. Dennis Ewing reported at the last Board of Directors meeting regarding the Committee's efforts to analyze the feasibility of this coverage and expressed that needed information from the counties Workers Comp carriers have not been received. Therefore, the Committee recommended that another letter requesting the needed information be sent to those companies who have not responded to the counties request for this information. We are unable to offer the membership a proposal at this time.

#### **Special Issues**

Brent Gardner reported that there have been issues arise that the Board of Directors have attempted to address or taken specific action to address and wanted the membership to understand these issues.

**12a How to Deal with Insurance Problems that Involve Elected Officials.** There are a whole host of areas where the counties have to be careful in the way you deal with, not only your employees, but your fellow elected officials. There can be procedures that are violated if not handled right, such as sexual harassment, sexual discrimination, etc. The Mutual can offer advice or council some help to the counties in these areas.

**12b Termination at Will vs. Due Process.** In some of the counties personnel policies it will state that employees are employees of the county and can be terminated at will. The termination at will concept really does not hold up in court anymore. The courts are basically ruling that a person who has been in a position, particularly for any length of time, has a property right to the job and that the county can not just walk in one day and say to an employee, "your fired". There are proper ways to handle situations of termination and the commission should get help from the county attorney and if the need arises the Mutual can help the county through these situations.





12c Special Districts. The Board of Directors have set a policy that special districts are covered under the Mutual if the County Commission or the County Council governs the special district. If the Commission or Council has final authority over the budget and sets the tax levy then indeed the special district would be covered by the Mutual because that way the Commission or Council has control over the policies that the special district would operate under. Jess Hurtado has copies of that policy if you need clarification.

12d Eminent Domain/Inverse Condemnation. The Board of Directors have set a policy that it will cover certain defense costs associated with these kinds of cases. Eminent Domain/Inverse Condemnation is a planning and zoning issue which means that if a county re-zones someone's property to a higher zone from a lower zone or in some way the county effect the zoning of the property the owners may claim that you have taken away the value of their property and sue the county for that. Jess Hurtado also has copies of that policy

### **Loss Report**

Fred Medenwaldt discussed the claims administration and the program that is in effect. Claims administration is referred to as a dedicated unit headed up by Doug Alexander and his assistant Dean Bachman. Although, AIMS has support from the corporate office in Chicago the real key is the local office and the people you deal with every day. Doug Alexander has been making visits to all the member counties to explain this program. It is this activity, in addition to the claims adjustment and loss prevention, that ultimately creates this program to reduce costs, reduce the exposures to the counties, make the counties better operations from the stand point of hiring and firing people are a few examples. Fred Medenwaldt reviewed the organizational charts of AIMS for the members to become familiar with who handles marketing, field service support, etc. AIMS feels the standard of quality is important so much so that AIMS has put together a manual which covers the standards of how to handle a claim file, issues to report to the excess carriers, issues to discuss with the client and the litigation management committee. AIMS corporate staff performs audits on the dedicated claims units to observe their compliance to these standards. AIMS require corporate reporting of all claims over \$100,000 so Doug Alexander and/or the Litigation Management Committee is not only looking at these losses but our corporate staff does also. AIMS provides continuing service office audits and training seminars for their staff along with updated publications and information on current issues that are facing counties today. Corporate administration reviews are done through the AIMS computer system that enables them to look at all claims and how a claims is actually being handled through our information system. AIMS provides service support with the knowledge and claims litigation defense experience of attorneys.

Fred Medenwaldt continued with a review of the graphs listed in the binder beginning with the UACIM Loss Experience 1992 Total Incurred. Total incurred refers to the total paid and the total reserved claims. \$524,000 in total incurred claims have either been spent or will be spent or proposed to be spent in various coverage issues, the large issue being automobile at \$230,852. AIMS reports and their system will take the auto liability and break it down a little further into bodily injury, property damage and physical damage as well as recoveries from third party claims. The 1993 total incurred claims were reviewed. The top five counties with the highest auto physical damage losses for 1992 and 1993 to date were reviewed. Fred Medenwaldt explained a "shock loss" meaning that one county may have a large loss that throws the numbers right out of sight but the program would limit the dollar amount on that loss to put the loss ratio back into perspective. The information you are going to have as your Mutual develops is going to be tremendous in assisting you in controlling your losses and controlling your costs.

Gerald Hess added that sometimes information can be a little painful. The information we have here is reviewed by the Board of Directors and we are hopeful that as painful as it may be that we will take this information and use it to manage our risks.





### **Supplementary Programs, Special Events**

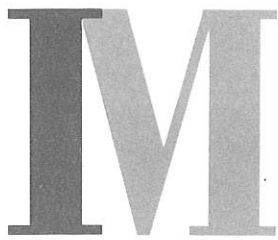
Keri Chappell explained that Special Events are covered for spectator liability under the Mutual if the event is sponsored by the county. Sometimes third-party groups may rent the county's facilities, such as a roping team may want to rent the county arena but the counties should be aware that there is not coverage for these third-party groups and that AIMS can usually get the coverage within a few days for these groups. AIMS wants to assist the counties with this mechanism to make the county facilities more available to members of your county and third-parties that want to rent those facilities.

### **Questions**

Gerald Hess asked the membership if there were any questions or matters that the members would like to bring up within this meeting, there were none. Gerald Hess ended by introducing David Nelson and Doug Alexander who will be available to answer any of the members questions or concerns regarding loss prevention and claims administration. Gerald Hess expressed his appreciation for the number that attended today and invited everyone to attend a scheduled dinner for the membership.

Membership was adjourned





UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## UAC INSURANCE MUTUAL

### ANNUAL MEMBERSHIP MEETING

NOVEMBER 10, 1993, 3:00 P.M.

## AGENDA

1. Call to Order by UACIM Board Chairman - Jerry Hess (1 Minute)
2. Review and Approval of April 1993 Minutes - Jerry Hess (5 Minutes)
3. Summary of Year by Consultant, Independent Analysis - Harry Bowes (10 Minutes)
4. Case Study for Analyzing Insurance Proposals - Harry Bowes & Jess Hurtado (10 Minutes)
5. Financial Reports - Al Stein, Aon Insurance Management Services, Inc. (15 Minutes)
6. Utah Insurance Division Report - Brent Gardner (5 Minutes)
7. Broker Report, 1994 Renewal - Jess Hurtado (5 Minutes)
8. Review of 1994 Rates - Tom Hatch, Budget Committee Chairman (5 Minutes)
9. Presentation of 1994 UAC Insurance Mutual Budget - Brent Gardner (5 Minutes)
10. Election of the 1994 UACIM Board of Directors - Jerry Hess (10 Minutes)  
(Name Candidates. Pass Out Ballots, Vote, Pick-up Ballots (*count while meeting continues*))
11. Workers' Compensation Coverage for UACIM - Dennis Ewing (10 Minutes)
12. Special Issues - Brent Gardner (10 Minutes)
  - a. How to deal with Insurance Problems that Involve Elected Officials
  - b. Termination at Will vs. Due Process
  - c. Special Districts
  - d. Eminent Domain/Inverse Condemnation
13. Loss Report - Fred Medenwaldt (5 Minutes)
14. Supplementary Programs, Special Events - Keri Chappell, Account Executive (3 Minutes)
15. New Business/Old Business - Jerry Hess (3 Minutes)
18. Questions - Jerry Hess (10 Minutes)
17. Election Results - Introduction of New Officers and Board Members - Jerry Hess (5 Minutes)
18. Adjournment

4021 SOUTH 700 EAST  
SUITE 180

MURRAY  
UTAH 84305

801-265-1331

FAX 801-265-1335

In addition, the Broker (Jess Hurtado) and Loss Control Manager (David Nelson) will be available throughout the remainder of the Convention for private meetings,



# UAC INSURANCE MUTUAL

## LOSS PREVENTION TRAINING MEETINGS AND COUNTY RISK REVIEWS

COUNTY	DATE	COUNTY ATTENDANCE
BEAVER	May 3-4, 1993	5
BOX ELDER	July 27-29, 1993	12
CACHE	March 11, 1993	-
	June 29-30, 1993	14
DAVIS	June 8-10, 1993	29
DUCHESNE	July 21-22, 1993	12
	August 24, 1993	-
EMERY	March 18, 1993	11
	April 22, 1993	-
GARFIELD	August 4-5, 1993	6
GRAND	December 1993	
IRON	September 13-14, 1993	9
KANE	March 24, 1993	10
MILLARD	September 1, 1993	14
PIUTE	December 1993	
RICH	October 6-8, 1993	10
SAN JUAN	February 2-4, 1993	
SANPETE	September 23-24, 1993	6
SEVIER	May 17-18, 1993	16
TOOELE	October 13-15, 1993	17
UINTAH	January 20-21, 1993	23
	April 29, 1993	-
	June 18, 1993	-
	August 10, 1993	-
UTAH	April 27-28, 1993	20
WASATCH	May 10-11, 1993	11
WASHINGTON	November 8-10, 1993	
WAYNE	November 1-2, 1993	9

### Meetings and Risk Reviews:

Conducted and Performed by David Nelson, Loss Prevention Manager, UACIM

### Purpose and Intent of Meetings:

To Inform County Employees of the Need for Active Loss Prevention Measures  
and How UACIM Can Assist Them With That Need





# UTAH SAFETY COUNCIL DEFENSIVE DRIVING COURSE

COUNTY	DATE(S) SCHEDULED	DATE(S) COMPLETED	INSTRUCTOR	NUMBER ATTENDED
BEAVER				
BOX ELDER	July 15-16, 1993	July 15-16, 1993	Brian Gough	71
CACHE				
DAVIS				
DUCHESNE	September 30, 1993	September 30, 1993	Carlos Reed	61
EMERY	October 13-14, 1993			
GARFIELD				
GRAND	July 20, 1993	July 20, 1993	Joan Harvey	29
IRON				
KANE				
MILLARD				
PIUTE				
RICH				
SAN JUAN	Fall/Winter 1993			
SANPETE				
SEVIER				
TOOELE	September 28, 1993			
	October 5, 1993			
UINTAH	WILL NOT BE PARTICIPATING			
UTAH	September 1993		UT County Sheriff's Dept.	
	October 1993			
WASATCH	November 1993			
WASHINGTON	September 29, 1993			
WAYNE				



**UAC INSURANCE MUTUAL**  
**EMPLOYEE DISCIPLINE SEMINARS**

DATE	COUNTY	COUNTY ATTENDANCE
FEBRUARY 3, 1993	GRAND	4
	SAN JUAN	17
TOTAL		21
FEBRUARY 9, 1993	IRON	10
	KANE	1
	WASHINGTON	4
TOTAL		15
FEBRUARY 11, 1993	BOX ELDER	10
	CACHE	10
	DAVIS	46
TOTAL		66
FEBRUARY 18, 1993	EMERY	5
	KANE	1
	MILLARD	9
	PIUTE	2
	SANPETE	1
	SEVIER	7
	WASHINGTON	2
TOTAL		27
FEBRUARY 25, 1993	CACHE	12
	DUCHESNE	5
	UTAH	48
	TOOELE	15
TOTAL		80
APRIL 8, 1993	DAVIS	1
	DUCHESNE	2
	SALT LAKE	1
	TOOELE	2
	UINTAH	25
TOTAL		31
NO ATTENDANCE	GARFIELD RICH WASATCH WAYNE	

**Employee Discipline Seminars:**

Conducted by David Nelson, Loss Prevention Manager, UACIM

Performed by Lynn J. Lund of Lund and Associates

**Purpose and Intent of Meetings:**

To Inform the Counties in Avoiding Liability from Employee Discipline  
and Wrongful Termination



# Utah Association of Counties Insurance Mutual

## Board of Directors

### 1993

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<b><u>Board Member</u></b>	<b><u>Position</u></b>	<b><u>Title</u></b>	<b><u>Representing</u></b>	<b><u>Term Beginning</u></b>
Gary Herbert	President	Utah County Commissioner	At Large	1/1/93
Gerald Hess	Vice President	Davis County Deputy Attorney	Second Class	1/1/92
Dixie Thompson	Secretary	Emery County Commissioner	At Large	1/1/92
Dennis D. Ewing	Comptroller	Tooele County Clerk	At Large	1/1/93
Ken Brown	Member	Rich County Commissioner	Sixth Class	1/1/92
Sid Groll	Member	Cache County Sheriff	At Large	1/1/92
Gary Sullivan	Member	Beaver County Commissioner	Fifth Class	1/1/93
Max Adams	Member	Uintah County Commissioner	Third Class	1/1/93
Ty Lewis	Member	San Juan County Commissioner	Fourth Class	1/1/93



# OFFICIAL NOMINATION FORM

## Utah Association of Counties Insurance Mutual 1994 UACIM Board of Directors

Uintah COUNTY WOULD LIKE TO NOMINATE Sidney Groll  
COUNTY NAME NAME OF NOMINEE  
AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 26 DAY OF October, 1993.

### NOMINEE INFORMATION

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

DUTIES WITHIN THE COUNTY:

Cake County Sheriff

REASONS FOR NOMINATION:

Presently on the Board and aware of all programs  
& issues.

RETURN TO:

UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107

RECEIVED NOV 02 1993

NOMINATION DEADLINE: October 29, 1993





# OFFICIAL NOMINATION FORM

Utah Association of Counties Insurance Mutual

1994 UACIM Board of Directors

Utah COUNTY WOULD LIKE TO NOMINATE DIXIE THOMPSON  
COUNTY NAME NAME OF NOMINEE

AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 26 DAY OF October, 1993.

## NOMINEE INFORMATION

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

DUTIES WITHIN THE COUNTY:

County Commissioner - Emery County

REASONS FOR NOMINATION:

Presently on the Board and aware of all programs  
& issues.

RETURN TO:

UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107

NOMINATION DEADLINE: October 29, 1993



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## OFFICIAL NOMINATION FORM

Utah Association of Counties Insurance Mutual

1994 UACIM Board of Directors

EMERY COUNTY WOULD LIKE TO NOMINATE DIXIE THOMPSON  
COUNTY NAME NAME OF NOMINEE

AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 19 DAY OF DEC, 1993.

### *NOMINEE INFORMATION*

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

DUTIES WITHIN THE COUNTY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REASONS FOR NOMINATION:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RETURN TO:

*UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107*

NOMINATION DEADLINE: October 29, 1993



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## OFFICIAL NOMINATION FORM

Utah Association of Counties Insurance Mutual

1994 UACIM Board of Directors

CACHE COUNTY WOULD LIKE TO NOMINATE S. L. ROLL  
COUNTY NAME NAME OF NOMINEE

AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 19 DAY OF OCT, 1993.

### *NOMINEE INFORMATION*

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

DUTIES WITHIN THE COUNTY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REASONS FOR NOMINATION:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RETURN TO:

*UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107*

NOMINATION DEADLINE: October 29, 1993





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## OFFICIAL NOMINATION FORM

Utah Association of Counties Insurance Mutual  
1994 UACIM Board of Directors

Tooele COUNTY WOULD LIKE TO NOMINATE Dixie Thompson  
COUNTY NAME NAME OF NOMINEE

AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 15 DAY OF Oct, 1993.

### NOMINEE INFORMATION

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

DUTIES WITHIN THE COUNTY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REASONS FOR NOMINATION:

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\_\_\_\_\_  
\_\_\_\_\_

RETURN TO:

*UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107*

NOMINATION DEADLINE: October 29, 1993



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## OFFICIAL NOMINATION FORM

Utah Association of Counties Insurance Mutual

1994 UACIM Board of Directors

Tooele COUNTY WOULD LIKE TO NOMINATE Sidney Groll  
COUNTY NAME NAME OF NOMINEE

AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 15 DAY OF Oct., 1993.

### NOMINEE INFORMATION

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

DUTIES WITHIN THE COUNTY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REASONS FOR NOMINATION:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RETURN TO:

*UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107*

NOMINATION DEADLINE: October 29, 1993



# OFFICIAL NOMINATION FORM

## Utah Association of Counties Insurance Mutual 1994 UACIM Board of Directors

DAVIS COUNTY WOULD LIKE TO NOMINATE DIXIE THOMPSON  
COUNTY NAME NAME OF NOMINEE  
AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 19TH DAY OF OCTOBER, 1993.

### *NOMINEE INFORMATION*

TITLE GAYLE A. STEVENSON, COUNTY COMMISSIONER

ADDRESS P. O. BOX 618, FARMINGTON, UTAH 84025

DUTIES WITHIN THE COUNTY:

ADMINISTRATION OF COUNTY GOVERNMENT

REASONS FOR NOMINATION:

CONTINUITY

RETURN TO:

UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107

NOMINATION DEADLINE: October 29, 1993

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# OFFICIAL NOMINATION FORM

## Utah Association of Counties Insurance Mutual 1994 UACIM Board of Directors

DAVIS COUNTY WOULD LIKE TO NOMINATE SIDNEY GROLL  
COUNTY NAME NAME OF NOMINEE  
AS REPRESENTATIVE, AT LARGE, FOR THE UACIM BOARD OF  
DIRECTORS, THIS 19th DAY OF OCTOBER, 1993.

### *NOMINEE INFORMATION*

TITLE COUNTY COMMISSIONER GAYLE A. STEVENSON

ADDRESS P. O. BOX 618, FARMINGTON, UTAH 84025

DUTIES WITHIN THE COUNTY:

ADMINISTRATION OF COUNTY GOVERNMENT

REASONS FOR NOMINATION:

CONTINUITY

RETURN TO:

*UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107*

NOMINATION DEADLINE: October 29, 1993

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# OFFICIAL NOMINATION FORM

## Utah Association of Counties Insurance Mutual 1994 UACIM Board of Directors

DAVIS COUNTY WOULD LIKE TO NOMINATE GERALD HESS  
COUNTY NAME NAME OF NOMINEE

AS REPRESENTATIVE, OF THE SECOND CLASS COUNTIES, FOR THE  
UACIM BOARD OF DIRECTORS, THIS 19TH DAY OF OCTOBER 1993.

### *NOMINEE INFORMATION*

TITLE GAYLE A. STEVENSON, COUNTY COMMISSIONER

ADDRESS P. O. BOX 618, FARMINGTON, UTAH 84025

#### DUTIES WITHIN THE COUNTY:

ADMINISTRATION OF COUNTY GOVERNMENT

#### REASONS FOR NOMINATION:

CONTINUITY

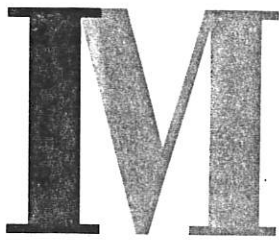
#### RETURN TO:

**UAC INSURANCE MUTUAL  
4021 SOUTH 700 EAST, SUITE 180  
SALT LAKE CITY, UT 84107**

**NOMINATION DEADLINE: October 29, 1993**

RECEIVED OCT 20 1993





UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## UAC INSURANCE MUTUAL ANNUAL MEMBERSHIP MEETING

NOVEMBER 10, 1993, 3:00 P.M.

### AGENDA

1. Call to Order by UACIM Board Chairman - Jerry Hess (1 Minute)
2. Review and Approval of April 1993 Minutes - Jerry Hess (5 Minutes)
3. Summary of Year by Consultant, Independent Analysis - Harry Bowes (10 Minutes)
4. Case Study for Analyzing Insurance Proposals - Harry Bowes & Jess Hurtado (10 Minutes)
5. Financial Reports - Al Stein, Aon Insurance Management Services, Inc. (15 Minutes)
6. Utah Insurance Division Report - Brent Gardner (5 Minutes)
7. Broker Report, 1994 Renewal - Jess Hurtado (5 Minutes)
8. Review of 1994 Rates - Tom Hatch, Budget Committee Chairman (5 Minutes)
9. Presentation of 1994 UAC Insurance Mutual Budget - Brent Gardner (5 Minutes)
10. Election of the 1994 UACIM Board of Directors - Jerry Hess (10 Minutes)  
(Name Candidates. Pass Out Ballots, Vote, Pick-up Ballots (*count while meeting continues*))
11. Workers' Compensation Coverage for UACIM - Dennis Ewing (10 Minutes)
12. Special Issues - Brent Gardner (10 Minutes)
  - a. How to deal with Insurance Problems that Involve Elected Officials
  - b. Termination at Will vs. Due Process
  - c. Special Districts
  - d. Eminent Domain/Inverse Condemnation
13. Loss Report - Fred Medenwaldt (5 Minutes)
14. Supplementary Programs, Special Events - Keri Chappell, Account Executive (3 Minutes)
15. New Business/Old Business - Jerry Hess (3 Minutes)
18. Questions - Jerry Hess (10 Minutes)
17. Election Results - Introduction of New Officers and Board Members - Jerry Hess (5 Minutes)

#### 18. Adjournment

1024 SOUTH 700 EAST  
SUITE 180

MURRAY  
UTAH 84103

801-265-1331

FAX 801-265-1332

In addition, the Broker (Jess Hurtado) and Loss Control Manager (David Nelson) will be available throughout the remainder of the Convention for private meetings,

